

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Charter Township of Cooper*  
*Kalamazoo County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2005*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Charter Township of Cooper, Michigan**

**We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Charter Township of Cooper, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of Charter Township of Cooper, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.**

**We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.**

**In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Charter Township of Cooper, Michigan, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.**

**As described in Note 12, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of April 1, 2004.**

**The budgetary comparison schedules, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Charter Township of Cooper, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.**

**Board of Trustees  
Charter Township of Cooper, Michigan  
Page 2**

**Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Cooper, Michigan, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.**

*Siegfried Crandall P.C.*

**June 22, 2005**

## **BASIC FINANCIAL STATEMENTS**

**Charter Township of Cooper**  
**STATEMENT OF NET ASSETS**  
*March 31, 2005*

	<u><b>Governmental activities</b></u>	<u><b>Business-type activities</b></u>	<u><b>Totals</b></u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 3,411,311	\$ 13,524	\$ 3,424,835
Receivables (net)	245,221	-	245,221
Prepaid expenses	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total current assets	<u>3,664,032</u>	<u>13,524</u>	<u>3,677,556</u>
Noncurrent assets:			
Receivables (net)	2,008,748	-	2,008,748
Capital assets (net of accumulated depreciation)	<u>851,398</u>	<u>4,032</u>	<u>855,430</u>
Total noncurrent assets	<u>2,860,146</u>	<u>4,032</u>	<u>2,864,178</u>
Total assets	<u>6,524,178</u>	<u>17,556</u>	<u>6,541,734</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	80,274	5,326	85,600
Long-term debt	<u>114,223</u>	<u>-</u>	<u>114,223</u>
Total current liabilities	<u>194,497</u>	<u>5,326</u>	<u>199,823</u>
Noncurrent liabilities:			
Long-term debt	<u>2,328,446</u>	<u>-</u>	<u>2,328,446</u>
Total liabilities	<u>2,522,943</u>	<u>5,326</u>	<u>2,528,269</u>
<b>NET ASSETS</b>			
Invested in capital assets (net of related debt)	(1,591,271)	4,032	(1,587,239)
Restricted:			-
Public works	1,864,373	-	1,864,373
Debt service	2,092,443	-	2,092,443
Unrestricted	<u>1,635,690</u>	<u>8,198</u>	<u>1,643,888</u>
Total net assets	<u>\$ 4,001,235</u>	<u>\$ 12,230</u>	<u>\$ 4,013,465</u>

*See notes to financial statements*

**Charter Township of Cooper**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2005

		<u>Program Revenues</u>	
		<u>Charges for</u>	<u>Operating</u>
	<u>Expenses</u>	<u>services</u>	<u>grants and</u>
			<u>contributions</u>
<b>Functions/Programs</b>			
Governmental activities:			
Legislative	\$ 6,276	\$ -	\$ -
General government	708,124	105,382	-
Public safety	215,503	1,196	-
Public works	115,420	272,497	6,757
Community and economic development	38,390	25,737	-
Interest	122,160	-	-
Total governmental activities	1,205,873	404,812	6,757
Business-type activity:			
Building inspections	87,485	90,232	-
Total primary government	<u>\$ 1,293,358</u>	<u>\$ 495,044</u>	<u>\$ 6,757</u>
General revenues:			
Taxes			
State grants			
Franchise fees			
Investment income			
Other			
Special item:			
Capital asset donation			
Total general revenues			
Change in net assets			
Net assets - beginning			
Net assets - ending			



**Net (expenses) revenues and changes in net assets**

<b><u>Governmental activities</u></b>	<b><u>Business-type activities</u></b>	<b><u>Totals</u></b>
\$ (6,276)	\$ -	\$ (6,276)
(602,742)	-	(602,742)
(214,307)	-	(214,307)
163,834	-	163,834
(12,653)	-	(12,653)
<u>(122,160)</u>	<u>-</u>	<u>(122,160)</u>
(794,304)	-	(794,304)
<u>-</u>	<u>2,747</u>	<u>2,747</u>
<u>(794,304)</u>	<u>2,747</u>	<u>(791,557)</u>
196,222	-	196,222
619,027	-	619,027
77,197	-	77,197
147,001	-	147,001
4,903	-	4,903
<u>24,000</u>	<u>-</u>	<u>24,000</u>
<u>1,068,350</u>	<u>-</u>	<u>1,068,350</u>
274,046	2,747	276,793
<u>3,727,189</u>	<u>9,483</u>	<u>3,736,672</u>
<u>\$ 4,001,235</u>	<u>\$ 12,230</u>	<u>\$ 4,013,465</u>

See notes to financial statements

**Charter Township of Cooper**  
**BALANCE SHEET - governmental funds**

March 31, 2005

	<u>General</u>	<u>Water &amp; Sewer</u>	<u>Collingwood Debt</u>
<b>ASSETS</b>			
Cash	\$ 1,230,264	\$ 1,161,508	\$ 610,699
Receivables	124,912	635,382	1,481,744
Prepaid expenses	<u>7,500</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,362,676</u>	<u>\$ 1,796,890</u>	<u>\$ 2,092,443</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ 24,457	\$ -	\$ -
Deferred revenue	<u>-</u>	<u>635,382</u>	<u>1,458,952</u>
Total liabilities	<u>24,457</u>	<u>635,382</u>	<u>1,458,952</u>
Fund balances:			
Unreserved	1,338,219	1,161,508	633,491
Unreserved, reported in non major: Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,338,219</u>	<u>1,161,508</u>	<u>633,491</u>
Total liabilities and fund balances	<u>\$ 1,362,676</u>	<u>\$ 1,796,890</u>	<u>\$ 2,092,443</u>

Amounts reported for *governmental activities* in the statement of net assets (page 4) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest not due and payable in the current period and, therefore, are not reported in the funds.

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.

Net assets of *governmental activities*

<b><i>Other nonmajor governmental funds</i></b>	<b><i>Total governmental funds</i></b>
\$ 408,840	\$ 3,411,311
11,931	2,253,969
-	7,500
<u>\$ 420,771</u>	<u>\$ 5,672,780</u>
\$ 32,217	\$ 56,674
5,113	2,099,447
<u>37,330</u>	<u>2,156,121</u>
-	3,133,218
<u>383,441</u>	<u>383,441</u>
<u>383,441</u>	3,516,659
<u>\$ 420,771</u>	
	851,398
	(2,442,669)
	(23,600)
	<u>2,099,447</u>
	<u>\$ 4,001,235</u>

See notes to financial statements

**Charter Township of Cooper****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
governmental funds**

Year ended March 31, 2005

	<u>General</u>	<u>Water &amp; Sewer</u>	<u>Collingwood Debt</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Taxes	\$ 196,222	\$ -	\$ -	\$ -	\$ 196,222
State grants	625,784	-	-	-	625,784
Licenses and permits	104,544	-	-	-	104,544
Charges for services	102,178	423,033	-	-	525,211
Interest and rentals	43,158	4,554	91,058	11,021	149,791
Other	4,903	837	146,986	95,951	248,677
Total revenues	<u>1,076,789</u>	<u>428,424</u>	<u>238,044</u>	<u>106,972</u>	<u>1,850,229</u>
<b>EXPENDITURES</b>					
Legislative	6,276	-	-	-	6,276
General government	672,326	-	-	-	672,326
Public safety	180,899	-	-	-	180,899
Public works	85,301	6,921	-	84,420	176,642
Community and economic development	38,390	-	-	-	38,390
Debt service:					
Principal	-	240,664	100,000	-	340,664
Interest	-	14,945	110,975	-	125,920
Capital outlay	4,155	-	-	28,665	32,820
Total expenditures	<u>987,347</u>	<u>262,530</u>	<u>210,975</u>	<u>113,085</u>	<u>1,573,937</u>
<b>NET CHANGES IN FUND BALANCES</b>	89,442	165,894	27,069	(6,113)	276,292
<b>FUND BALANCES - BEGINNING</b>	<u>1,248,777</u>	<u>995,614</u>	<u>606,422</u>	<u>389,554</u>	<u>3,240,367</u>
<b>FUND BALANCES - ENDING</b>	<u>\$1,338,219</u>	<u>\$1,161,508</u>	<u>\$ 633,491</u>	<u>\$ 383,441</u>	<u>\$ 3,516,659</u>

See notes to financial statements

**Charter Township of Cooper**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**governmental funds (Continued)**  
Year ended March 31, 2005

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Net change in fund balances - total governmental funds (from page 7)	\$ 276,292
Amounts reported for <i>governmental activities</i> in the statement of activities (page 5) are different because:	
Capital assets:	
Assets acquired	121,285
Provision for depreciation	(73,645)
Long-term debt:	
Principal repayments	340,664
Change in accrued interest	3,760
Changes in other assets/liabilities:	
Net decrease in deferred revenue	<u>(394,310)</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 274,046</u>

See notes to financial statements

**Charter Township of Cooper**  
**STATEMENT OF NET ASSETS - *proprietary fund***  
*March 31, 2005*

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	<b><u>Building Inspections</u></b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 13,524
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>4,032</u>
Total assets	<u>17,556</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	<u>5,326</u>
<b>NET ASSETS</b>	
Invested in capital assets	4,032
Unrestricted	<u>8,198</u>
Total net assets	<u>\$ 12,230</u>

*See notes to financial statements*

**Charter Township of Cooper**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET**  
**ASSETS - proprietary fund**  
*Year ended March 31, 2005*

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	<u><i>Building Inspections</i></u>
OPERATING REVENUES	\$ 90,232
OPERATING EXPENSES	<u>87,485</u>
CHANGE IN NET ASSETS	2,747
NET ASSETS - BEGINNING	<u>9,483</u>
NET ASSETS - ENDING	<u>\$ 12,230</u>

*See notes to financial statements*

**Charter Township of Cooper**  
**STATEMENT OF CASH FLOWS - proprietary fund**  
Year ended March 31, 2005

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	<b><u>Building Inspections</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 90,232
Payments for salaries and fringe benefits	(18,158)
Payments for goods and services	<u>(65,908)</u>
<b>NET INCREASE IN CASH</b>	6,166
<b>CASH - BEGINNING</b>	<u>7,358</u>
<b>CASH - ENDING</b>	<u><u>\$ 13,524</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 2,747
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,954
Increase in accounts payable	<u>1,465</u>
 Net cash provided by operating activities	 <u><u>\$ 6,166</u></u>

See notes to financial statements



**Charter Township of Cooper**  
**STATEMENT OF FIDUCIARY NET ASSETS - *agency fund***  
*March 31, 2005*

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**ASSETS**

Cash	\$ <u>1,023</u>
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**LIABILITIES**

Payables	\$ <u>1,023</u>
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*See notes to financial statements*

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Charter Township of Cooper, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Water & Sewer Fund accounts for the financial resources used for the expansion and maintenance of water and sewer lines within the Township. Revenues are primarily derived from connection fees and special assessments.

The Collingwood Debt Fund accounts for the financial resources used for payments of long-term bond obligations. Revenues are primarily derived from special assessments.

The Township reports a single proprietary fund, Building Inspection Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

The Township reports a single fiduciary fund, Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**d) *Assets, liabilities, and net assets or equity:***

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

Buildings and improvements	15 - 40 years
Equipment	3 - 5 years
Vehicles	3 - 20 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. The Township considers property taxes levied December 1 to be revenue of the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Water & Sewer	Debt service	\$ 148,500	\$ 255,659	\$ (107,159)

**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	\$ 3,411,311	\$ 13,524	\$ 1,023	\$ 3,425,858

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$3,425,858 and a bank balance of \$3,430,855. Of the bank balance, \$1,857,372 is covered by federal depository insurance and \$1,573,483 is uninsured.

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Totals</i>
General	\$ 15,240	\$ 15,506	\$ -	\$ 94,166	\$ 124,912
Water & Sewer	-	-	524,968	110,414	635,382
Collingwood Debt	-	-	1,481,744	-	1,481,744
Other governmental	-	-	11,931	-	11,931
<b>Totals</b>	<b>\$ 15,240</b>	<b>\$ 15,506</b>	<b>\$ 2,018,643</b>	<b>\$ 204,580</b>	<b>\$ 2,253,969</b>
Noncurrent portion	\$ -	\$ -	\$ 1,929,034	\$ 79,714	\$ 2,008,748

All receivables are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2005, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 37,506	\$ -	\$ -	\$ 37,506
Capital assets being depreciated:				
Buildings and improvements	645,800	-	-	645,800
Equipment	282,165	26,535	-	308,700
Vehicles	393,912	31,165	-	425,077
Infrastructure	-	63,585	-	63,585
<b>Subtotal</b>	<b>1,321,877</b>	<b>121,285</b>	<b>-</b>	<b>1,443,162</b>
Less accumulated depreciation for:				
Buildings and improvements	246,514	17,802	-	264,316
Equipment	95,480	32,325	-	127,805
Vehicles	213,631	21,155	-	234,786
Infrastructure	-	2,363	-	2,363
<b>Subtotal</b>	<b>555,625</b>	<b>73,645</b>	<b>-</b>	<b>629,270</b>
<b>Total capital assets being depreciated (net)</b>	<b>766,252</b>	<b>47,640</b>	<b>-</b>	<b>813,892</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 803,758</b>	<b>\$ 47,640</b>	<b>\$ -</b>	<b>\$ 851,398</b>

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business type activities - equipment	\$ 9,768	\$ -	\$ -	\$ 9,768
Less accumulated depreciation	<u>3,782</u>	<u>1,954</u>	<u>-</u>	<u>5,736</u>
Business type activities capital assets, net	<u>\$ 5,986</u>	<u>\$ (1,954)</u>	<u>\$ -</u>	<u>\$ 4,032</u>

Depreciation expense was charged to functions of the Township as follows:

<u>Governmental activities:</u>		<u>Business-type activities:</u>	
General government	\$ 36,678		\$ -
Public safety	34,604		1,954
Public works	<u>2,363</u>		<u>-</u>
Total	<u>\$ 73,645</u>		<u>\$ 1,954</u>

NOTE 6 - NONCURRENT LIABILITIES:

Long-term debt at December 31, 2004, is comprised of the following individual issues:

*Contract payable:*

\$142,230 1998 note payable to Gull Lake Sewer and Water Authority, payable in annual installments of \$14,223, plus interest at 5%; final payment due August 2007.

\$ 42,669

*Bonds payable:*

\$2,650,000 2001 sanitary sewage disposal system limited tax obligation bonds. Payable in annual installments of \$100,000 to \$200,000, plus interest at 3.45% to 6.38%.

2,400,000

\$ 2,442,669

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - NONCURRENT LIABILITIES (Continued):**

Long-term debt activity for the year ended March 31, 2005, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:					
Contract payable	\$ 283,333	\$ -	\$ (240,664)	\$ 42,669	\$ 14,223
Bonds payable	<u>2,500,000</u>	<u>-</u>	<u>(100,000)</u>	<u>2,400,000</u>	<u>100,000</u>
Total governmental activities	<u>\$ 2,783,333</u>	<u>\$ -</u>	<u>\$ (340,664)</u>	<u>\$ 2,442,669</u>	<u>\$ 114,223</u>

At March 31, 2005, debt service requirements on long-term debt are follows:

<i>Year ended March 31,</i>	<i>Governmental activities</i>	
	<i>Principal</i>	<i>Interest</i>
2006	\$ 114,223	\$ 106,571
2007	114,223	101,134
2008	114,223	96,899
2009	100,000	92,488
2010	100,000	88,613
2011 - 2015	625,000	372,250
2016 - 2020	875,000	203,867
2021 - 2022	<u>400,000</u>	<u>19,350</u>
Totals	<u>\$ 2,442,669</u>	<u>\$ 1,081,172</u>

**NOTE 7 - PAYABLES:**

<i>Fund</i>	<i>Accounts</i>	<i>Accrued liabilities</i>	<i>Interest</i>	<i>Totals</i>
Governmental activities:				
General	\$ 10,381	\$ 14,076	\$ -	\$ 24,457
Water & Sewer	-	-	1,200	1,200
Collingwood Debt	-	-	22,400	22,400
Other governmental	<u>32,217</u>	<u>-</u>	<u>-</u>	<u>32,217</u>
Sub-total	<u>42,598</u>	<u>14,076</u>	<u>23,600</u>	<u>80,274</u>
Business-type activities:				
Building Inspections	<u>5,326</u>	<u>-</u>	<u>-</u>	<u>5,326</u>
Total	<u>\$ 47,924</u>	<u>\$ 14,076</u>	<u>\$ 23,600</u>	<u>\$ 85,600</u>



**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - DEFERRED REVENUE:**

Governmental funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<u>Fund</u>	<u>Unavailable</u>
Water & Sewer	\$ 635,382
Collingwood Debt	1,458,952
Other governmental	<u>5,113</u>
Totals	<u>\$ 2,099,447</u>

**NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for all its elected officials through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan State Statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Officials and full-time staff are eligible to participate six months after they are elected or become full-time. The Township contributes annually 15% of the participant's base salary or \$100, whichever is more. Participants are fully vested after twenty months of service and are paid a termination benefit of a predetermined amount. Any amounts forfeited are used to reduce the Township's current period contribution requirement. The Township made the required 15% contribution plus past service amounts, with a total pension expense for the year of \$38,582. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS:**

In addition to the pension benefits described above, the Township provides post-employment health care benefits, in accordance with a Board agreement, to all employees who retire from the Township with 70 points. Points are determined as one (1) point for every year of service and point eight (.8) points for each year of age. Expenditures are recognized as insurance premiums are paid. Currently there are two eligible retirees. The Township's expense for the year was \$18,221.

**NOTE 11 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has joined together with other local governmental units in the state to form the Michigan Municipal League Insurance Pool (MML), a public-entity risk pool currently operating as a common risk management and insurance program for local governmental units within the state. The Township pays an annual premium to MML for all of its insurance coverages. MML is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$2,000,000 for each insured event.

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets as previously reported:

General, special revenue, and debt service funds	\$ 3,240,367
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Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	803,758
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Special assessments receivable are not available to pay for current period's expenditures and, therefore, are deferred in the funds.	2,493,757
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Accrued interest not due and payable in the current period and, therefore, is not reported in the funds.	(27,360)
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Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,783,333)</u>
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Net assets, as restated	<u>\$ 3,727,189</u>
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## **REQUIRED SUPPLEMENTARY INFORMATION**

**Charter Township of Cooper**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2005

	<b><u>Original budget</u></b>	<b><u>Amended budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance favorable (unfavorable)</u></b>
<b>REVENUES</b>				
Taxes	\$ 208,342	\$ 208,342	\$ 196,222	\$ (12,120)
State grants	632,000	632,000	625,784	(6,216)
Licenses and permits	70,450	70,450	104,544	34,094
Charges for services	84,500	84,500	102,178	17,678
Interest and rentals	57,500	57,500	43,158	(14,342)
Other	8,500	8,500	4,903	(3,597)
Total revenues	<u>1,061,292</u>	<u>1,061,292</u>	<u>1,076,789</u>	<u>15,497</u>
<b>EXPENDITURES</b>				
Legislative	<u>5,300</u>	<u>5,900</u>	<u>6,276</u>	<u>(376)</u>
General government:				
Supervisor	55,102	55,102	53,758	1,344
Election	10,250	13,750	15,270	(1,520)
Assessor	95,886	95,886	87,708	8,178
Clerk	92,002	102,002	98,684	3,318
Treasurer	60,152	60,152	58,697	1,455
Board of review	2,500	2,500	1,809	691
Cemetery	38,700	38,700	37,130	1,570
Professional services	39,000	39,000	21,044	17,956
Buildings and grounds	68,500	58,500	48,399	10,101
General operations	<u>252,000</u>	<u>263,000</u>	<u>249,827</u>	<u>13,173</u>
Total general government	<u>714,092</u>	<u>728,592</u>	<u>672,326</u>	<u>56,266</u>
Public safety:				
Fire protection	163,800	163,800	154,805	8,995
Ordinance enforcement	<u>25,900</u>	<u>32,400</u>	<u>26,094</u>	<u>6,306</u>
Total public safety	<u>189,700</u>	<u>196,200</u>	<u>180,899</u>	<u>15,301</u>
Public works - highways and streets	<u>100,000</u>	<u>100,000</u>	<u>85,301</u>	<u>14,699</u>
Community and economic development - planning and zoning	<u>42,200</u>	<u>42,200</u>	<u>38,390</u>	<u>3,810</u>

**Charter Township of Cooper****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2005

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Capital outlay	\$ 23,000	\$ 21,400	\$ 4,155	\$ 17,245
Total expenditures	<u>1,074,292</u>	<u>1,094,292</u>	<u>987,347</u>	<u>106,945</u>
<b>NET CHANGE IN FUND BALANCES</b>	(13,000)	(33,000)	89,442	122,442
<b>FUND BALANCES - BEGINNING</b>	<u>1,248,777</u>	<u>1,248,777</u>	<u>1,248,777</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$1,235,777</u>	<u>\$1,215,777</u>	<u>\$1,338,219</u>	<u>\$ 122,442</u>

**Charter Township of Cooper****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - *Water & Sewer Fund****Year ended March 31, 2005*

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	<b><i>Original budget</i></b>	<b><i>Amended budget</i></b>	<b><i>Actual</i></b>	<b><i>Variance favorable (unfavorable)</i></b>
<b>REVENUES</b>				
Charges for services	\$ 338,000	\$ 338,000	\$ 423,033	\$ 85,033
Interest	5,500	5,500	4,554	(946)
Other - special assessments	1,000	1,000	837	(163)
	<u>344,500</u>	<u>344,500</u>	<u>428,424</u>	<u>83,924</u>
Total revenues				
<b>EXPENDITURES</b>				
Public works	10,000	10,000	6,921	3,079
Debt service:				
Principal	133,500	133,500	240,664	(107,164)
Interest	15,000	15,000	14,945	55
	<u>158,500</u>	<u>158,500</u>	<u>262,530</u>	<u>(104,030)</u>
Total expenditures				
<b>NET CHANGE IN FUND BALANCES</b>	186,000	186,000	165,894	(20,106)
<b>FUND BALANCES - BEGINNING</b>	<u>995,614</u>	<u>995,614</u>	<u>995,614</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$1,181,614</u>	<u>\$1,181,614</u>	<u>\$1,161,508</u>	<u>\$ (20,106)</u>

## **SUPPLEMENTARY INFORMATION**

**Charter Township of Cooper**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
 March 31, 2005

	<b><i>Special revenue funds</i></b>		
	<b><i>Fire Improvement</i></b>	<b><i>Public Improvement</i></b>	<b><i>Roosevelt Road</i></b>
<b>ASSETS</b>			
Cash	\$ 36,411	\$ 313,325	\$ 12,695
Receivables	<u>-</u>	<u>-</u>	<u>5,485</u>
Total assets	<u>\$ 36,411</u>	<u>\$ 313,325</u>	<u>\$ 18,180</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 28,665	\$ -	\$ -
Deferred revenue	<u>-</u>	<u>-</u>	<u>5,113</u>
Total liabilities	28,665	-	5,113
Fund balance:			
Unreserved, undesignated	<u>7,746</u>	<u>313,325</u>	<u>13,067</u>
Total liabilities and fund balance	<u>\$ 36,411</u>	<u>\$ 313,325</u>	<u>\$ 18,180</u>



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<b><i>Special revenue funds</i></b>		
<b><i>Street Lighting</i></b>	<b><i>Recycling</i></b>	<b><i>Totals</i></b>
\$ 37,499	\$ 8,910	\$ 408,840
<u>3,086</u>	<u>3,360</u>	<u>11,931</u>
<u>\$ 40,585</u>	<u>\$ 12,270</u>	<u>\$ 420,771</u>
\$ 3,552	\$ -	\$ 32,217
<u>-</u>	<u>-</u>	<u>5,113</u>
3,552	-	37,330
<u>37,033</u>	<u>12,270</u>	<u>383,441</u>
<u>\$ 40,585</u>	<u>\$ 12,270</u>	<u>\$ 420,771</u>

**Charter Township of Cooper****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2005

	<b>Special revenue funds</b>		
	<b><u>Fire Improvement</u></b>	<b><u>Public Improvement</u></b>	<b><u>Roosevelt Road</u></b>
<b>REVENUES</b>			
Interest	\$ 1,131	\$ 9,428	\$ 462
Other - special assessments	-	-	1,487
Total revenues	<u>1,131</u>	<u>9,428</u>	<u>1,949</u>
<b>EXPENDITURES</b>			
Public works	-	2,000	-
Capital outlay	<u>28,665</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>28,665</u>	<u>2,000</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	(27,534)	7,428	1,949
<b>FUND BALANCES - BEGINNING</b>	<u>35,280</u>	<u>305,897</u>	<u>11,118</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 7,746</u>	<u>\$ 313,325</u>	<u>\$ 13,067</u>

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<b><i>Special revenue funds</i></b>		
<b><i>Street Lighting</i></b>	<b><i>Recycling</i></b>	<b><i>Totals</i></b>
\$ -	\$ -	\$ 11,021
<u>49,573</u>	<u>44,891</u>	<u>95,951</u>
<u>49,573</u>	<u>44,891</u>	<u>106,972</u>
43,380	39,040	84,420
<u>-</u>	<u>-</u>	<u>28,665</u>
<u>43,380</u>	<u>39,040</u>	<u>113,085</u>
6,193	5,851	(6,113)
<u>30,840</u>	<u>6,419</u>	<u>389,554</u>
<u>\$ 37,033</u>	<u>\$ 12,270</u>	<u>\$ 383,441</u>